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Informazione
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PRESS RELEASE

INTERPUMP GROUP APPROVES THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2019

Chairman Fulvio Montipò: “The vigorous growth seen in the last few years is accompanying us also in the beginning of 2019; data for the first quarter show a solid growth trend in line with our guidance”

NET SALES: € 343.6 million (+10.0% compared to Q1 2018)

EBITDA* : € 78.6 million (€ 69.6 million in Q1 2018)

EBITDA/SALES*: 22.9% (22.3% in Q1 2018)

CONSOLIDATED NET PROFIT: € 45.3 million
(+16.5% compared to the normalized result for Q1 2018)

NET DEBT*: € 381.6 million (€ 287.3 million at 31/12/2018)

S. Ilario d’Enza, 10 May 2019 – The Board of Directors of Interpump Group met today and approved the consolidated results for the **first quarter of 2019**.

Net Sales for the first quarter of 2019 totaled 343.6 million euro, an increase of 10.0% over the 312.3 million euro in the corresponding period of 2018.

Sales by business sector and geographical area were as follows:

Q1 2019

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
Hydraulics	49,568	85,265	52,896	20,477	24,750	232,956
Water-Jetting	<u>9,265</u>	<u>42,219</u>	<u>34,112</u>	<u>14,565</u>	<u>10,493</u>	<u>110,654</u>
Total	<u>58,833</u>	<u>127,484</u>	<u>87,008</u>	<u>35,042</u>	<u>35,243</u>	<u>343,610</u>

Q1 2018

Hydraulics	43,613	78,176	44,678	18,441	21,761	206,669
Water-Jetting	<u>9,796</u>	<u>36,562</u>	<u>35,075</u>	<u>15,377</u>	<u>8,817</u>	<u>105,627</u>
Total	<u>53,409</u>	<u>114,738</u>	<u>79,753</u>	<u>33,818</u>	<u>30,578</u>	<u>312,296</u>

Change, 2019/2018

Hydraulics	+13.7%	+9.1%	+18.4%	+11.0%	+13.7%	+12.7%
Water-Jetting	-5.4%	+15.5%	-2.7%	-5.3%	+19.0%	+4.8%
Total	+10.2%	+11.1%	+9.1%	+3.6%	+15.3%	+10.0%

* 2019 data is affected by the adoption of IFRS16 accounting principle. With the reporting standards used until 2018, EBITDA for the first quarter would amount to € 75.0 million, and net debt as at 31/03/2019 would amount to € 311.4 million.



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Organic growth, at unchanged perimeter and before the currency exchange, was +9.9% in Hydraulics, -0.3% in Water-Jetting, and +6.5% in total sales.

EBITDA amounted to 78.6 million euro (22.9% of sales) compared to 69.6 million euro in the first quarter of 2018 (22.3% of sales), an increase of 13.0%. The following table sets out EBITDA by business sector:

	<i>Q1 2019</i>	<i>% on</i>	<i>Q1 2018</i>	<i>% on</i>	<i>Change</i>
	<u>€/000</u>	<u>sales</u>	<u>€/000</u>	<u>sales</u>	
Hydraulics	49,937	21.4%	42,063	20.3%	+18.7%
Water-Jetting	<u>28,703</u>	25.8%	<u>27,522</u>	26.0%	+4.3%
Total	<u>78,640</u>	22.9%	<u>69,585</u>	22.3%	+13.0%

With effect from 1 January 2019 the Group has adopted IFRS16, which changed the accounting of operating leases to the same rules used for financial leases. EBITDA for the first quarter of 2019, calculated with the same accounting principles used in 2018, would have amounted to 75.0 million euro.

Operating income (**EBIT**) was not significantly affected by IFR16 adoption: it amounted to 62.4 million euro compared to 57.3 million euro in the first quarter of 2018, an increase of 9.0%.

Net Profit for the first quarter 2019 was 45.3 million euro (51.6 million euro in Q1 2018, including one-off earnings resulting from the GS-Hydro acquisition). The increase versus the normalized result for last year is +16.5%.

Basic earnings per share rose from 0.360 euro (normalized) in the first quarter of 2018 to 0.426 euro in the first quarter of 2019, with a 18.3% increase.

Net cash flow from operating activities was 72.3 million euro (64.8 million euro in Q1 2018), with an 11.7% increase. **Free cash flow** in the first quarter of 2019 amounted to 2.7 million euro (it was 17.3 million euro in the same period last year). The reduction is mainly due to the decision to concentrate in the first quarter the increase in net working capital expected for the whole year, to support several expansion and optimization actions of production capacity planned for 2019; this front-loading has also allowed the Group to profit from opportunities in the raw material markets. Therefore, a normalization of net working capital can be expected in the course of the year.

Net debt was 381.6 million euro (273.5 million euro at 31 December 2018). *Most of the change is due to the adoption of IFRS 16, which involved an initial adjustment of 68.4 million euro as at 1 January 2019, corresponding to the current value of future leasing payments for the whole duration of outstanding contracts.*

Additionally, at the end of March the Group had commitments for the acquisition of stakes in subsidiaries for a total of 49.8 million euro (44.5 million euro at 31/12/2018).

Capital employed rose from 1,200.1 million euro at 31 December 2018 to 1,352.4 million euro at 31 March 2019, following the acquisition of Hydra Dyne Tech, the IFRS16-related adjustment, and the increase in net working capital. Non-annualized **ROCE** was 4.6% (compared to a normalized 5.2% in Q1 2018). Non-annualized **ROE** was 4.9% (unchanged from the normalized 4.9% in Q1 2018).



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At 31 March 2019 Interpump Group S.p.A. had 3,423,489 **treasury shares** in its portfolio, representing 3.1443% of total share capital, purchased at an average cost of € 21.108.

* * *

Pursuant to Article 65-bis, paragraph 2 of Consob Deliberation 11971/1999 as modified and supplemented, the **Interim Report at 31 March 2019** is **available to the public** at the Group's registered office and may be also be consulted on the "Financial Statements and Reports" page in the "Investor relations" section of the Group's website www.interpumpgroup.it, as well on the www.emarketstorage.com repository.

S. Ilario d'Enza (RE), 10 May 2019

On behalf of the Board of Directors
Fulvio Montipò, Chairman

Carlo Banci, the manager responsible for drafting the company's accounting documents, declares - pursuant to the terms Article 154-bis, paragraph 2 of the Consolidated Financial Services Act - that the accounting disclosures in the present release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Sant'Ilario d'Enza (RE), 10 May 2019

Carlo Banci
Manager responsible for drafting
the company's accounting documents

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Consolidated Statement of financial position

(€/000)	<u>31/03/2019</u>	<u>31/12/2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	104,834	118,140
Trade receivables	305,837	270,364
Inventories	394,608	366,480
Tax receivables	24,476	24,596
Other current assets	<u>12,049</u>	<u>10,931</u>
Total current assets	<u>841,804</u>	<u>790,511</u>
Non-current assets		
Property, plant and equipment	447,922	355,488
Goodwill	448,605	434,699
Other intangible assets	36,105	34,731
Other financial assets	2,385	2,319
Tax receivables	1,665	1,664
Deferred tax assets	30,424	29,776
Other non-current assets	<u>2,203</u>	<u>2,177</u>
Total non-current assets	<u>969,309</u>	<u>860,854</u>
Total assets	<u>1,811,113</u>	<u>1,651,365</u>



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(€/000)	<u>31/03/2019</u>	<u>31/12/2018</u>
LIABILITIES		
Current liabilities		
Trade payables	182,777	177,782
Payables to banks	25,695	21,404
Interest bearing financial payables (current portion)	169,913	151,917
Taxes payable	33,196	19,204
Other current liabilities	74,286	72,297
Provisions for risks and charges	3,621	3,807
Total current liabilities	<u>489,488</u>	<u>446,411</u>
Non-current liabilities		
Interest-bearing financial payables	290,811	232,158
Liabilities for employee benefits	19,382	19,377
Deferred tax liabilities	42,565	41,832
Other non-current liabilities	44,586	39,521
Provisions for risks and charges	3,183	3,161
Total non-current liabilities	<u>400,527</u>	<u>336,049</u>
Total liabilities	<u>890,015</u>	<u>782,460</u>
 SHAREHOLDERS' EQUITY		
Share capital	54,837	54,842
Legal reserve	11,323	11,323
Share premium reserve	70,589	71,229
Remeasurement reserve for defined benefit plans	(5,965)	(5,965)
Translation reserve	11,023	3,142
Other reserves	774,267	729,373
Group shareholders' equity	<u>916,074</u>	<u>863,944</u>
Minority interests	5,024	4,961
Total shareholders' equity	<u>921,098</u>	<u>868,905</u>
Total shareholders' equity and liabilities	<u>1,811,113</u>	<u>1,651,365</u>



Consolidated income statement for the first quarter

(€/000)	<u>2019</u>	<u>2018</u>
Net sales	343,610	312,296
Cost of sales	(218,886)	(196,661)
Gross industrial margin	124,724	115,635
<i>% of net sales</i>	36.3%	37.0%
Other operating income	4,952	4,589
Distribution expenses	(30,697)	(28,578)
General and administrative expenses	(35,717)	(33,878)
Other operating costs	(846)	(503)
EBIT	62,416	57,265
<i>% of net sales</i>	18.2%	18.3%
Financial income	3,827	2,575
Financial charges	(3,525)	(4,623)
Negative goodwill	-	12,730
Equity method contribution	75	(73)
Profit for the period before taxes	62,793	67,874
Income taxes	(17,526)	(16,302)
Consolidated profit for the period	45,267	51,572
<i>% of net sales</i>	13.2%	16.5%
Attributable to:		
Shareholders of Parent	44,894	51,386
Minority shareholders of subsidiaries	373	186
Consolidated profit for the period	45,267	51,572
EBITDA	78,640	69,585
<i>% of net sales</i>	22.9%	22.3%
Shareholders' equity	921,098	808,131
Net debt	381,585	256,339
Payables for purchase of shareholdings	49,763	55,756
Capital employed	1,352,446	1,120,226
Non-annualized ROCE	4.6%	5.2%*
Non-annualized ROE	4.9%	4.9%*
Basic earnings per share	0.426	0.360*

* pro-forma, without the negative goodwill



Consolidated statement of comprehensive income for the first quarter

(€/000)	<u>2019</u>	<u>2018</u>
Consolidated profit for the first quarter (A)	45,267	51,572
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on translating the financial statements of foreign companies</i>	8,090	(8,653)
<i>Gains (losses) from companies accounted for using the equity method</i>	28	(2)
<i>Applicable taxes</i>	=	=
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>8,118</u>	<u>(8,655)</u>
Consolidated comprehensive income for the quarter (A)+(B)	<u>53,385</u>	<u>42,917</u>
Attributable to:		
Shareholders of Parent	52,775	42,735
Minority shareholders of subsidiaries	<u>610</u>	<u>182</u>
Consolidated comprehensive income for the first quarter	<u>53,385</u>	<u>42,917</u>



Consolidated cash flow statement for the first quarter

(€/000)	2019	2018
Cash flows from operating activities		
Profit before taxes	62,793	67,874
<i>Adjustments for non-cash items:</i>		
Losses (gains) on the sale of fixed assets	(782)	(1,880)
Amortization and depreciation	16,093	12,186
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	422	464
Expenditures for tangible assets to be leased	(1,251)	(1,635)
Proceeds from the disposal of leased tangible assets	1,716	3,747
Losses (profits) from investments	(75)	73
Net change in risk provisions and allocations to employee benefit provisions	(137)	(390)
Net financial charges (revenues)	(302)	(10,682)
	78,477	69,757
(Increase) decrease in trade receivables and other current assets	(31,165)	(29,957)
(Increase) decrease in inventories	(18,289)	(17,803)
Increase (decrease) in trade payables and other current liabilities	(3,189)	12,787
Interest paid	(1,312)	(698)
Realized exchange differences	245	(934)
Taxes paid	(5,104)	(3,367)
Net cash from operating activities	19,663	29,785
Cash flows from investing activities		
Payments for the purchase of investments net of cash received	(15,961)	(775)
Capital expenditure on property, plant and equipment	(13,238)	(12,096)
Proceeds from the sale of tangible fixed assets	377	298
Proceeds from the sale of available-for-sale assets	-	785
Increase in intangible assets	(614)	(905)
Financial income received	84	117
Other	(62)	340
Net cash (used in) investing activities	(29,414)	(12,236)
Cash flows from financing activities		
Disbursements for purchase of treasury shares	(1,307)	-
Disbursements (repayments) of loans	(3,848)	8,868
Proceeds from the sale of treasury shares to stock option beneficiaries	240	539
Change in other financial assets	(9)	1
Payment of finance lease installments (principal)	(3,881)	(480)
Net cash generated by (used in) financing activities	(8,805)	8,928
Net increase (decrease) in cash and cash equivalents	(18,556)	26,477



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(€/000)

	<u>2019</u>	<u>2018</u>
Net increase (decrease) in cash and cash equivalents	(18,556)	26,477
Translation differences for cash held by non-EU companies	959	(516)
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	(7)
Cash and cash equivalents at the beginning of the period	96,736	135,983
Cash and cash equivalents at the end of the period	<u>79,139</u>	<u>161,937</u>

Cash and cash equivalents consist of the following:

	31/03/2019	31/12/2018
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	104,834	118,140
Bank payables (overdrafts and subject to collection advances)	<u>(25,695)</u>	<u>(21,404)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>79,139</u>	<u>96,736</u>



Consolidated statement of changes in shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
<i>At 1 January 2018</i>	55,805	11,323	121,228	(5,722)	(2,475)	579,006	759,165	5,564	764,729
Recognition in income statement of fair value of stock options granted and exercisable	-	-	464	-	-	-	464	-	464
Transfer of treasury shares to stock option beneficiaries	47	-	492	-	-	-	539	-	539
Acquisition of Inoxpa minorities	-	-	-	-	-	(869)	(869)	(894)	(1,763)
Dividends distributed to third parties	-	-	-	-	-	-	-	(518)	(518)
Comprehensive income (loss) for first quarter of 2018	-	-	-	-	(8,651)	51,386	42,735	182	42,917
<i>At 31 March 2018</i>	55,884	11,323	123,915	(5,722)	(11,126)	629,523	803,797	4,334	808,131
Recognition in income statement of fair value of stock options granted and exercisable	-	-	1,417	-	-	-	1,417	-	1,417
Purchase of treasury shares	(1,042)	-	(54,183)	-	-	1,042	(54,183)	-	(54,183)
End-of-year reclassification of treasury shares sold to stock option beneficiaries	-	-	48	-	-	(47)	1	-	1
End-of-year reclassification of treasury shares used as payment for investments	-	-	32	-	-	(32)	-	-	-
Acquisition of Inoxpa minorities	-	-	-	-	-	(100)	(100)	100	-
Dividends distributed	-	-	-	-	-	(22,532)	(22,532)	(66)	(22,598)
Comprehensive income (loss) for April-December 2018	-	-	-	(243)	14,268	121,519	135,544	593	136,137
<i>At 31 December 2018</i>	54,842	11,323	71,229	(5,965)	3,142	729,373	863,944	4,961	868,905
Purchase of treasury shares	(26)	-	(1,281)	-	-	-	(1,307)	-	(1,307)
Recognition in income statement of fair value of stock options granted and exercisable	-	-	422	-	-	-	422	-	422
Transfer of treasury shares to stock option beneficiaries	21	-	219	-	-	-	240	-	240
Dividends resolved to third parties	-	-	-	-	-	-	-	(547)	(547)
Comprehensive income (loss) for first quarter of 2019	-	-	-	-	7,881	44,894	52,775	610	53,385
<i>At 31 March 2019</i>	54,837	11,323	70,589	(5,965)	11,023	774,267	916,074	5,024	921,098

Fine Comunicato n.0159-24

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